

United States Department of State

Washington, D.C. 20520



August 3, 1983

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Senior Interagency Group No. 23

PARTICIPANTS: See List Attached

DATE AND TIME: July 29, 1983, 10:00 a.m.

PLACE: Deputy Secretary's Conference Room 7219, Department of State

SUBJECT: SIG Meeting on Transfer of Strategic Technology,  
July 29

SUMMARY OF CONCLUSIONS

Summary

Mr. Schneider opened the meeting by summarizing briefly the major accomplishments of the SIG during its first year of operation. Achievements had been made both on the domestic and international fronts to raise the level of attention received by technology transfer issues and to increase intergovernmental coordination.

Mr. Schneider noted that several progress reports had been circulated to the SIG and suggested that SIG members particularly take note of the reports on NATO and Electromagnetic Pulse Technology since these matters have not previously been discussed by the SIG.

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DOD noted that they had not yet received a full report from their representative, but that there was real potential for engaging defense ministers to play a greater role in the interagency process as it exists in their countries, and for linking the emerging technologies effort with the idea of controlling those technologies from the outset.

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Sensitive Technology Acquisition by Foreign Purchase of U.S. Companies

Mr. Schneider briefed the SIG on the special session held on June 28 to discuss protection of sensitive technologies that would have been transferred to the Japanese as a result of the sale of Special Metals to Nippon by Allegheny Steel. This particular case became moot when the companies involved decided it would be in their best interests to cancel the sale. DOD noted that the USG had no legal basis on which to prevent the sale, but that the leverage we did have had been effective (e.g., 60% of Special Metals business is under Defense contract).

The SIG then turned to a discussion of regulatory and statutory options for controlling such sales including the possibility of new legislation. DOD believed that the EAA provided sufficient authority and that minor technical amendments to the legislation the Administration had submitted to the Hill would provide the basis for effective control. Treasury and the NSC noted that the problems were broad and complex and not amenable to quick fixes by amending the EAA. A broader study would be needed including an examination of the scope and size of the problem, an evaluation of current legislation and regulations, and the development of options for addressing the problems.

Mr. Schneider noted that the Special Projects Group had been tasked by the SIG at the June 28 meeting to develop a strategy for dealing with the long-term technology transfer implications of future foreign purchases of U.S. companies, and DOD has prepared a preliminary written summary of the problem which had been circulated to the SIG. Mr. Schneider suggested that the Special Projects Group continue their efforts in conjunction with the CFIUS staff and produce a report by the beginning of December.

DOD noted that if technical amendments to the EAA were desirable, action would be needed before Congress resumes on September 12. Mr. Schneider suggested that the Special Projects Group report on the whole problem by December and that a subgroup report to the SIG by early September on the desirability of quick technical amendments to the EAA.

COCOM

Mr. Schneider reported that Round One of the COCOM List Review has now ended, with early agreement obtained on 16 U.S. proposals, six of which were designated as high priority items by the COCOM High-Level Meeting.

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On the issue of how to better control technology, during July discussions all members except France agreed that national legal authorities were already adequate to control technology as a regular item on a new technology embargo list. In subsequent July discussions on "Other High Technology, Including Oil and Gas", France joined other COCOM members in an agreement in principle to the establishment of an inventory of emerging technologies.

Preparations are underway for a meeting of the Subcommittee on Export Controls set for September 26-29 to review action taken by national authorities in accordance with the recommendations of the April 1983 High-Level Meeting.

Finally, the Department of State has recently taken several steps in support of the COCOM modernization effort, including the offer of a WANG computer system for the COCOM Secretariat, an increase in the COCOM budget for 1983, and a contract with a private bonded firm to provide weekly courier service between Washington and Paris, so that review of exceptions cases may be expedited. In addition, DOD will provide State with a terminal to hook the Office of East-West Trade into the FORTDIS system.

#### Technology Transfer to India

The last agenda item was a codeword discussion on technology transfer to India.

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TRANSFER OF STRATEGIC TECHNOLOGY

July 29, 1983 - 10:00 a.m.

Deputy Secretary's Conference Room 7219, State Department

PARTICIPANTS

State

Under Secretary William Schneider, Chairman  
Mr. Michael Marks, T  
Mr. Bob Davie, PM  
Mr. Jerry Leach, PM  
Mr. Edwin Nolan, PM  
Mr. Michael Seaton, PM  
Mr. Paul Wolfowitz, EA  
Mr. Phil Lincoln, EB  
Mr. David Wilson, EB  
Ms. Sheila Lopez, S/S-S (Notetaker)

Mr. Gus Weiss

Mr. Bill Searle  
Mr. Arch Turrentine



Mr. Vincent DeCain

Mr. William Rudman  
Mr. William von Raab

Mr. Stephen Bryen  
Mr. William George  
Mr. Donald Goldstein

Mr. Fielden Dickerson  
Mr. Edward Fox

Mr. Lyle Theisen

COL James Edgar  
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Mr. Mark Richard  
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Mr. Douglas Norton



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Mr. James Nix

Mr. Seymour Bolten  
Mr. Robert Cornell  
Mr. Arthur McMahon  
Mr. John Walker

Mr. Jim Murphy